



STATE BOARD OF LAND COMMISSIONERS

James E. Risch, Governor and President of the Board

Ben Ysursa, Secretary of State

Lawrence G. Wasden, Attorney General

Keith L. Johnson, State Controller

Marilyn Howard, Superintendent of Public Instruction

Winston A Wiggins, Secretary to the Board

Final Minutes Regular Land Board Meeting June 13, 2006

The regular meeting of the Idaho State Board of Land Commissioners was held on Tuesday, June 13, 2006 in Boise, Idaho. The meeting began at 2:44 p.m. in the second floor courtroom of the Borah Post Office building. The Honorable James Risch presided. The following members were present:

Honorable Secretary of State Ben Ysursa
Honorable State Controller Keith L. Johnson
Superintendent of Public Instruction Marilyn Howard (*joined by conference phone*)

Secretary to the Board Winston A Wiggins

Attorney General Lawrence Wasden was absent for this meeting.

The meeting began with Director Wiggins introducing new IDL employees to the Board.

1. Andrea Chadden, Lands Resource Intern, [Southwest Supervisory Area, Boise](#)
2. Peggy Hamilton, Office Specialist, [Director's Office, Boise](#)
3. Tony Pirc, Technical Records Specialist, [Director's Office, Boise](#)
4. Carol Schubach, Technical Records Specialist, [Director's Office, Boise](#)
5. Rob Sosnowski, Senior Geographic Information Systems Analyst, [Director's Office, Boise](#)
6. Beth Rheinschmidt, Timber Sales Contract Specialist, [Coeur d'Alene Staff Office](#)
7. Heather Foster, Scaler, [Payette Lakes Supervisory Area, McCall](#)
8. Nancy Wellbaum, Senior Lands Resource Specialist, [Payette Lakes Supervisory Area, McCall](#)
9. Josh Van Vlack, Timber Resource Technician, [Ponderosa Supervisory Area, Deary](#)
10. Greg Blaesing, Commercial Leasing Specialist, [Southwest Supervisory Area, Boise](#)

• **CONSENT**

Director Wiggins provided background information on the Consent Agenda items.

A motion was made by Controller Johnson to approve the Consent Agenda in its entirety. Secretary of State Ysursa seconded the motion. The motion carried on a vote of 4-0, with Attorney General Wasden being absent for this vote.

1. Director's Report – approved

- A. Interest Rate on Department Transactions – May 2006
- B. Bureau of Real Estate, Land Sale Section, Official Transactions – April 2006
- C. Bureau of Real Estate, Easement Section, Official Transactions – April 2006
- D. Timber Sale Official Transactions – April 22, 2006 through May 26, 2006

- E. Timber Sale Activity Report
- F. Legal Matter Summary

2. Timber Sales – Staffed by Roger Jansson, Operations Chief-North and Kurt Houston, Acting Operations Chief-South – approved

A. Phoebe Trap	CR-10-0356	1,475	MBF	Boundary
B. Rock Springs II	CR-20-0250	1,500	MBF	Bonner
C. Dune	CR-21-3009	1,885	MBF	Boundary
D. Two Mile	CR-21-3012	2,700	MBF	Boundary
E. Little Elk	CR-30-0510	3,570	MBF	Shoshone
F. Brequito OSR	CR-30-0528	3,695	MBF	Clearwater
G. Last Wind Blowdown	CR-30-0542	1,360	MBF	Benewah
H. Elk Basin OSR	CR-40-0782	1,260	MBF	Clearwater
I. Vassar Meadows	CR-41-0026	5,915	MBF	Latah
J. High Breaks	CR-43-4009	3,100	MBF	Idaho
K. Sloans	CR-50-0116	5,219	MBF	Valley
L. Hardrock	CR-60-0141	3,825	MBF	Boise
M. Banks Grade	CR-60-0171	2,520	MBF	Boise

DISCUSSION: Superintendent Howard asked if Sale I also has grazing. Operations Chief North, Roger Jansson, responded yes. Area foresters felt there would be no conflict. Once the clearcut is prescribe burned and replanted, Area Foresters will work with the lessee to keep cows out of the area until trees have grown to the point they would not be damaged by grazing. Governor Risch asked how many years that would take. Operations Chief Jansson stated by five years the trees will be good. Governor Risch asked if the prescribed burn will occur this fall. Operations Chief Jansson stated it would be after the harvest. The sale will be sold this summer, and it is a three-year sale. It could be anywhere between two and five years from now.

3. Request for Authorization and Execution of a Premises Lease between the State of Idaho and the Idaho State Building Authority – Staffed by Joanna Guilfooy, Deputy Attorney General, Department of Administration and Perry Whittaker, Chief, Bureau of Real Estate, Department of Lands – withdrawn

RECOMMENDATION: Approve the finalization and execution of the Premises Lease with the Idaho State Building Authority.

BOARD ACTION: This agenda item was withdrawn.

4. Final Approval of Land Exchange between the State of Idaho, Department of Lands, and Mr. Rocky A. Stephens – Staffed by Perry Whittaker, Chief, Bureau of Real Estate – approved

DEPARTMENT RECOMMENDATION: Direct the Department to complete the exchange with Stephens.

DISCUSSION: Controller Johnson asked if any disapproval of this land exchange, local or other, has been voiced. Director Wiggins stated a hearing was held in Sandpoint a month ago and no objections were voiced. Governor Risch asked if any interest was indicated at the public hearing. Director Wiggins stated no interest of any kind was expressed.

BOARD ACTION: Approved.

5. **Request for Conceptual Approval of Exchange Between the State of Idaho and the Terteling Company** – *Staffed by Perry Whittaker, Chief, Bureau of Real Estate* – **approved**

DEPARTMENT RECOMMENDATION: Direct the Department to begin the studies and appraisals necessary to determine an equal value exchange between the Terteling company and the State of Idaho with the understanding that a final exchange package will be brought back to the Land Board for final approval. The final exchange package may require use of land bank dollars to equalize the exchange values.

BOARD ACTION: Approved.

6. **Revision of IDAPA 20.03.14.102 – Valuation of Improvements** – *Staffed by Bob Brammer, Area Supervisor, Eastern Idaho Supervisory Area* – **approved**

DEPARTMENT RECOMMENDATION: Direct the Department to enter into the Temporary and Proposed Rule process to implement the change for the 2006 conflicted expiring grazing leases.

BOARD ACTION: Approved.

7. **Request by Kootenai County Board of Commissioners to Spend Additional Kootenai County Waterways Fund Dollars** – *Staffed by Mike Murphy, Chief, Bureau of Surface and Mineral Resources* – **approved**

DEPARTMENT RECOMMENDATION: Authorize the Kootenai County Board of Commissioners to expend an additional \$40,000 for the City of Harrison public dock project using the Kootenai County Waterways Fund.

BOARD ACTION: Approved.

8. **Minutes** – **approved**

A. Regular Land Board Meeting – May 9, 2006

• **REGULAR**

9. **Endowment Fund Investment Board Manager's Report** – *Presented by Larry Johnson, Manager of Investments, EFIB*

A. Endowment Fund Investment Board Manager's Report

Mr. Larry Johnson, Manager of Investments, stated the Fund was down almost 3% in May due to weak equity returns, particularly in international markets. Managers are performing as expected.

From his perspective, Governor Risch stated he feels it is an acceptable situation given what we try to do with the Funds.

Secretary of State Ysursa asked where PERSI was for the month of May. Mr. Johnson stated they were down a similar amount.

No action was taken on this item.

B. Asset Management Policy Guidelines

REFORM REVIEW TASK FORCE RECOMMENDATION: That the State Land Board adopt the Endowment Asset Management Guidelines as presented. The Task Force sees this document as the first step in a longer document that would clearly articulate the principles and business ideals that stand behind the management of state lands and other endowment assets.

DISCUSSION: Governor Risch noted that the Guidelines are very general. However, he commented the document was well written in a condensed form. He asked what can be expected next. Mr. Johnson stated the first page shows an outline of additional topics that will be covered in the full document. The Task Force will work with the Department of Lands and the Endowment Fund Investment Board over the coming months to develop return objectives, procedures and approaches to management of the lands and the types of actions that will be taken with under performing assets.

BOARD ACTION: A motion was made by Secretary of State Ysursa to move that the State Land Board adopt the Endowment Asset Management Guidelines as put forth by the Task Force. Controller Johnson seconded the motion. The motion carried on a vote of 4-0, with Attorney General Wasden being absent for this vote.

10. Annexation and Zoning for 800 Acres of Endowment Land Near Boise Airport –
Presented by Steve Douglas, Acting Assistant Director, Lands, Minerals, Range

DEPARTMENT RECOMMENDATION: Direct the Department to coordinate with the City of Boise to complete the annexation and rezoning process regarding the type of uses contemplated for 800 acres of state endowment land near the Boise Airport.

DISCUSSION: Director Wiggins advised the Board that Angie Brosious from the City of Boise was at the meeting and available for questions. Governor Risch invited Ms. Brosious to address the Board.

Ms. Angie Brosious, City of Boise

Ms. Brosious stated approximately six months ago the City moved forward with a proposed annexation. At that time the City was unable to give the State any land use designation or zoning except open land, which IDL felt would penalize the State. The City agreed to pull the state land off the annexation and has worked with IDL over approximately the last six months to develop a proposal to amend the land use map and to provide zoning designations that will allow a combination of residential, commercial and office, which will greatly increase the value of the state land and allow IDL to move forward with development.

After reviewing the proposal Governor Risch noted it appears the proposal will bump up against the noise abatement area. He asked if the City is waiving that. Ms. Brosious stated the City has been working with the airport, and members of the airport participated on the Task Force. All of the proposals comply with the different airport influence areas. There are three different areas, A, B and C, so the City is making recommendations that coincide with those, and there will not be any conflict with the airport. John Anderson and his group have signed off on the zoning.

Mr. Larry Hellhake, Real Estate Services

At the invitation of Governor Risch, Mr. Larry Hellhake addressed the Board. Mr. Hellhake represents Dr. Coughlin, the owner of approximately six hundred acres directly adjacent to state land and to the south. It was through a request from Mr. Hellhake's that the City put together a Task Force to enable this annexation. The annexation will allow Mr. Hellhake to apply for conditional use, annexation and rezoning of the property.

The entire area encompasses approximately two or three thousand acres. The State is the largest landowner at 800 acres. Mr. Hellhake's client holds approximately 650 acres. Another private landowner holds about 500 acres. Mr. Hellhake stated his project is driving this action and he believes it is a win-win situation for everyone involved. Governor Risch thanked Mr. Hellake and Mr. Larry Sale for their work and planning on this project.

Steve Douglas, Acting Assistant Director, Lands, Minerals, Range, IDL

Steve Douglas, Acting Assistant Director, Lands, Minerals, Range, provided background information from the State perspective.

Acting Assistant Director Douglas stated the Department has been working collaboratively and cooperatively with the City and the developer. The State owns eight hundred acres in the middle of what appears to be the path of growth going south of Boise. The airport is talking about adding a third runway, and they are preparing for that expansion.

The extension of Lake Hazel and Orchard Road, which crosses endowment land, will bring a transportation corridor south of town. The proposed zoning is residential and industrial. The availability of city services is a huge benefit. It places the Department in a position to be proactive in the development process. It also allows the Department to obtain desirable zoning up front. There will be an immediate increase in land values whereas previously the state land was basically bare land. If the Board approves this agenda item, the Department would be able to take advantage of the zoning for residential and industrial that would increase those values dramatically for appraisals. It also allows the Department to work in a cooperative, collaborative approach with the City to avoid future conflict.

The Department had concerns about the Supreme Court case with Blaine County. The recommendation is that the Board direct the Department to coordinate with the City of Boise to complete the annexation and rezoning process regarding type of uses contemplated for eight hundred acres of state endowment land near the Boise airport.

Governor Risch asked what the short, middle and long term plans are for this particular parcel. Mr. Hellhake stated the Lake Hazel route and the connection of Orchard to Lake Hazel is currently being studied by ACHD and Parametrix with a final discussion on the location planned for October or November 2006. Mr. Hellhake's staff is following the study closely and designing their project with it in mind. In the long term, the road will go from the current end of Lake Hazel and ultimately cross Mr. Hellhake's project ground and state ground ending at Isaac's Canyon. For his purposes, Mr. Hellhake would like to be under construction for the extension of Orchard into the center of his project by the fall of 2007.

Superintendent Howard asked what Mr. Hellhake's plans are for his section. She is curious about housing in that area due to its proximity to air noise. Governor Risch asked if there is any industrial or light industrial in the plan. Mr. Hellhake responded basically the airport has requested that everything north of the Lake Hazel extension be commercial or industrial use. There will not be residential north of Lake Hazel, other than about the first 3/8 mile east of Cole Road. Everything else will be commercial/industrial.

Governor Risch asked if that is due to noise. Mr. Hellhake stated it is noise issues at the end of the runway. The remainder, with the exception of twenty acres to the north where Orchard would extend, is Zone A.

BOARD ACTION: A motion was made by Controller Johnson to move the Department's recommendation. Secretary of State Ysursa seconded the motion. The motion carried on a vote of 3-0, with Governor Risch abstaining and Attorney General Wasden being absent for this vote. [Governor Risch – abstained; Secretary of State Ysursa – aye; Attorney General Wasden – absent; Controller Johnson – aye; Superintendent Howard – aye]

- **INFORMATION**

Director Wiggins briefed the Board on the Information Agenda item. No Land Board action is required on the Information Agenda.

11. Oil and Gas Auction Results – Staffed by Sharon Murray, Minerals Program Manager

At 3:20 p.m., a motion was made by Secretary of State Ysursa to resolve into Executive Session. Controller Johnson seconded the motion. The motion carried on a vote of 4-0, with Attorney General Wasden being absent for this vote. Authority for this Executive Session falls under [Idaho Code § 67-2345\(1\)\(f\)](#), To Consider and Advise Its Legal Representatives in Pending Litigation or Where There is a General Public Awareness of Probable Litigation.

• **EXECUTIVE SESSION**

- A. To Consider Records that are Exempt from Disclosure [\[Idaho Code § 67-2345\(1\)\(d\)\]](#) - *Withdrawn***
- B. To Consider and Advise Its Legal Representatives in Pending Litigation or Where There is a General Public Awareness of Probable Litigation [\[Idaho Code § 67-2345\(1\)\(f\)\]](#)**
- C. To Consider Personnel Matters [\[Idaho Code § 67-2345\(1\)\(b\)\]](#) - *Withdrawn***
- D. To Consider Acquiring an Interest in Real Property Which is Not Owned by a Public Agency [\[Idaho Code § 67-2345\(1\)\(c\)\]](#) - *Withdrawn***

Upon unanimous consent, the Board resolved into Regular Session at 3:50 p.m. No actions were taken by the Board during the Executive Session.

There being no further business to come before the Board, the meeting adjourned at 3:51 p.m.

IDAHO STATE BOARD OF LAND COMMISSIONERS

/s/ James E. Risch

President, State Board of Land Commissioners and
Governor of the State of Idaho

/s/ Ben Ysursa

Ben Ysursa
Secretary of State

/s/ Winston A Wiggins

Winston A Wiggins
Director

The above-listed final minutes were approved by the State Board of Land Commissioners at the July 11, 2006 regular Land Board meeting.